

**STAFF MEETING MINUTES
LANCASTER COUNTY BOARD OF COMMISSIONERS
COUNTY-CITY BUILDING
ROOM 113
TUESDAY, OCTOBER 15, 2002
10:15 A.M.**

Commissioners Present: Bob Workman, Chair
Bernie Heier, Vice Chair
Kathy Campbell
Larry Hudkins
Ray Stevens

Others Present: Kerry Eagan, Chief Administrative Officer
Gwen Thorpe, Deputy Chief Administrative Officer
Ann Taylor, County Clerk's Office

The Staff Meeting was called to order at 10:15 a.m.

AGENDA ITEM

1 ADDITIONS TO THE AGENDA

None were stated.

2 LINCOLN CONVENTION & VISITORS PROMOTION PROPOSALS

A. Star City Communication - Tom Bassett and June Remington, Star City Communication

Tom Bassett and June Remington, Star City Communication, gave an overview of Star City Communication's proposal to administer the proceeds of the County Visitor Promotion Fund, noting the following (Exhibit A):

- * Business Plan
- * Financial Matters
- * Leadership Philosophy
- * Transition Plans

Hudkins asked Bassett and Remington whether they have experience in corporate fundraising.

Bassett said yes, through his position as executive director of the Nebraska Dental Association. He said many are dental related groups or involve services dentists may use such as banks, insurance and credit card companies.

Remington said she also has experience in this area and said she has worked with insurance companies and financial advisor groups.

Stevens inquired about plans to organize as a for-profit sub chapter S corporation.

Bassett said Star City Communication's attorneys and accountants see organization as a for-profit sub chapter S corporation as a likely step, but said the company is only a registered trade name at this point. He added that Star City Communication is "very flexible in where we go from here".

Heier said concerns have been expressed regarding the for-profit versus non profit issue.

Remington said public entities often utilize for-profit consultants and work with for-profit groups. She said a small amount of incentive and profit is needed to manage the company, approximately 1.5 percent of the total budget.

Bassett said Star City Communication believes relocation of the Lincoln Convention & Visitors Bureau (CVB) offices will result in significant savings. He also pledged to spend 10 percent more on programs than is spent now, even with the management fee.

Workman said the Star City Communication's proposal indicates that less will be spent on event promotion, than last year (\$120,000 versus \$150,000).

Bassett said \$150,000 is a projection, noting \$100,000 was spent in this area in Fiscal Year 2001-02. He said it is not Star City Communication's intent to spend less.

Workman noted that this would be an exclusive franchise, much like those for Time Warner Entertainment (cable television) or Lincoln Electric System (LES), which are highly regulated entities. He also inquired about plans for shareholders and dividends.

Bassett said dividends, if any, are not anticipated for a long time.

Workman asked whether other CVB's are operated for-profit.

Bassett cited Mobile, Alabama and Jacksonville, Florida as examples of CVB's operated by independent contractors and said he hopes the for-profit issue is not a "stumbling block" for the Board.

Stevens asked whether membership fees are a possibility.

Bassett said he envisions other revenue sources, such as newsletter advertising.

Hudkins said there are concerns that it may be improper to give lodging tax dollars to a for-profit organization and said he has requested a county attorney's opinion regarding this issue.

Campbell inquired about experience in working with advertising agencies.

Remington said her experience with the Blue Flame Gas Association involved working with the Pinnacle Sports Network. She said ads were developed in-house with the assistance of an Omaha advertising firm.

Campbell asked "What are you looking for in an ad agency, in terms of tourism?"

Bassett said "we are looking for bang for our buck". He noted that the advertising budget is only \$32,000 to \$34,000 and said it will be necessary to look for value and to work directly with media, not just the advertising agency.

Workman said the proposal stresses the need for a good working relationship with the Lincoln Chamber of Commerce and asked why this is important.

Bassett said Star City Communication and the Lincoln Chamber of Commerce share the same goals, to promote Lincoln and to make it better.

Remington added that Star City Communication wants to work as an economic development component to help Lincoln grow.

B. Lincoln Chamber of Commerce - Sandi Witkowicz, Lincoln Convention & Visitors Bureau Director; Wendy Birdsall and Bruce Bohrer, Lincoln Chamber of Commerce

Wendy Birdsall, Lincoln Chamber of Commerce, and Sandi Witkowicz, Lincoln Convention & Visitors Bureau (CVB) Director, gave an overview of the Lincoln Chamber of Commerce's proposal to administer the proceeds of the County Visitor Promotion Fund, stressing the following (Exhibit B):

- * Experience
- * Promotion
- * Sales
- * Services

Wendy Birdsall, Lincoln Chamber of Commerce, said "There is no profit to be taken from this business". She stated the Chamber has underwritten costs associated with events and programs, estimating the amount at \$50,000 to \$100,000 per year. Birdsall expressed concern that a for-profit status may hinder future fund raising efforts.

Birdsall also stated that the Chamber was "blind sided" by the Report and Recommendation from the Convention and Visitors Bureau Services Review Committee (Exhibit C), noting the inclusion of past criticisms. She also expressed concern with the committee's scoring of the proposals.

Sandi Witkowicz, Lincoln Convention & Visitors Bureau (CVB) Director, reviewed CVB job descriptions and allocation of staff time. She also offered to make a salary schedule available to the Board.

Campbell asked the Chamber to explain experience working with advertising agencies and qualities sought.

Witkowicz said the CVB has primarily operated with in-house advertising, but has sought assistance on special projects. She said funds have been set aside in the budget for advertising agency assistance.

Heier noted there are concerns about the rent paid to the Chamber and asked whether there are plans to relocate CVB offices.

Witkowicz said no, as the Chamber offers quality office and meeting space. There are also savings in terms of the telephone system and office equipment.

Birdsall said the CVB is currently paying \$14.90 per square foot and said comparable space in the Cornhusker Plaza is renting at \$17.00 to \$17.50 per square foot.

Hudkins asked Birdsall to furnish the Board with a breakdown of the office space and common areas.

Workman noted there have been concerns regarding sales and asked whether a reallocation of staff resources is planned.

Witkowicz said yes, there are plans to have a third salesperson on staff by the first part of November, 2002.

Campbell asked what hospitality industry trends are predicted in the next three to five years.

Witkowicz predicted slow growth, with some cutback in business travel and personal travel spending.

Stevens asked whether it is, or should be, the CVB's responsibility to provide registration assistance to meetings and conventions.

Witkowicz said that is a service that convention meeting planners expect, but is not always offered for free in every community. She said it will be assessed on a case-by-case basis, with attention to the number of room nights involved. Witkowicz added that every group receives a certain level of free service.

Campbell asked for a best example of a destination marketing scheme.

Witkowicz said she likes the "FAM (familiarization) Tour", which is currently being offered to meeting planners from areas with non-stop flights to Lincoln.

Board consensus to schedule additional discussion time on the October 17, 2002 Staff Meeting agenda.

Also in attendance were Joan Spath, Mary Sivertson, Justy Weston, Julie Sajevic, Jeff Maul and Sheila O'Connor, Lincoln Convention & Visitors Bureau; Paul McCue, Lincoln Chamber of Commerce President; Sherry Hanneman, Lincoln Partnership for Economic Development (LPED); Frank Hilsabeck, LPED Board of Directors; Ronn Sorensen, Country Inn & Suites; Pat Hardesty, Inn R Less Motel; C. Elliott, Chase Suites; Nicky Smith, Town House Mini Suites Motel; Cindy Morand, Hawthorn Suites LTD Hotel; Jeff Custer, Villager Courtyard & Gardens; Sherri Reeker, Staybridge Suites by Holiday Inn; Jenny Haggins, Fairfield Inn/Comfort Suites; Jeff Ford, Holiday Inn; Linnie Green, Embassy Suites; Tom Lorenz, Pershing Center; Gene Brake, Woods Bros. Realty; Darrell Podany, City Council Staff; Deb Schorr, District 3 Commissioner-Elect; and Dick Piersol, Lincoln Journal Star.

3 ADJOURNMENT

MOTION: Hudkins moved and Heier seconded to adjourn the meeting at 11:30 a.m. Hudkins, Campbell, Workman, Heier and Stevens voted aye. Motion carried.

Bruce Medcalf
County Clerk